



Jennifer M. Granholm  
XXXXXXXXXXXX  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF TRANSPORTATION  
LANSING

Gloria J. Jeff  
XXXXXXXXXXXX  
DIRECTOR

February 27, 2003

The Honorable Shirley Johnson, Chair  
Senate Appropriations Subcommittee  
on Transportation  
Michigan State Senate  
P.O. Box 30036  
Lansing, Michigan 48909-7536

The Honorable Scott Shackleton, Chair  
House Appropriations Subcommittee  
on Transportation  
Michigan House of Representatives  
P.O. Box 30014  
Lansing, Michigan 48909-7514

Dear Senator Johnson and Representative Shackleton:

Public Act 561, Section 308 states:

The department and local road agencies that receive appropriations under this act shall pursue compliance with contract specifications for construction and maintenance of state highways and local roads and streets. Work shall not be accepted and paid for until it complies with contract requirements. Contractors with unsatisfactory performance ratings shall be restricted from future bidding through the prequalification process established by the department or a local road agency. The department, county road commissions, and cities and villages shall report to the house of representatives and senate appropriations subcommittees on transportation on their respective activities under this section.

Through the department's construction and maintenance contract administration process, fiscal year 2001-2002 contracts scheduled for completion have been successfully completed. All work was inspected and accepted as being in reasonable conformance with contract plans and specifications.

A contractor must be prequalified by the department before submitting a bid. Contractors are prequalified by work type and for specific dollar amounts based on experience, equipment, financial statements, and performance evaluations. The department has a contractor evaluation process which project management personnel use to evaluate a contractor's performance at the end of each year for multi year projects, at the completion of a project, and at any other time it is determined that an evaluation is appropriate. A contractor's prequalification may be reduced as a result of unsatisfactory performance ratings. During fiscal year 2001-2002 there were no actions necessary by the department in this regard.

Sincerely,

Gloria J. Jeff  
Director

cc Gary S. Olson, Director, Senate Fiscal Agency  
Mitchell Bean, Director, House Fiscal Agency

Senator Shirley Johnson  
Representative Scott Shackleton  
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